

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

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SENATE BUDGET COMMITTEE CHAIRMAN CONRAD WARNS AGAINST ABANDONING LONG-TERM FISCAL DISCIPLINE AS CONGRESS CONSIDERS STIMULUS BILL

Washington, DC - Senate Budget Committee Chairman Kent Conrad today stressed the importance of maintaining long-term fiscal discipline as Congress considers legislation to stimulate the economy. Conrad's remarks came as the Budget Committee heard testimony at a hearing on economic stimulus from two Senior Fellows at the Brookings Institution, William Gale and Peter Orszag, and Kevin Hassett, Resident Scholar at the American Enterprise Institute.

"While we have an obligation to enact a responsible stimulus bill that provides an immediate lift to the economy, we must not abandon long-term fiscal discipline in the process," said Conrad. "It would be a significant mistake to include permanent tax or spending measures that worsen our long-term budget picture."

Conrad warns that any stimulus package that abandons long-term fiscal discipline would put upward pressure on long-term interest rates. Those higher rates would make it more costly for consumers and businesses to borrow money and therefore negate any benefits otherwise contained in a stimulus package.

Conrad's commitment to long-term fiscal discipline is what led him to join forces October 4 with the Chairman of the House Budget Committee and the Ranking Members of both the House and Senate Budget Committees in announcing a bipartisan, bicameral set of principles to guide the development of the economic stimulus package. The overall principle set forth by the four budget leaders stated that, "An economic stimulus package should be based on the recognition that long-term fiscal discipline is essential to sustained economic growth."

"We must not dig our long-term budget hole any deeper," said Conrad. "Abandoning fiscal discipline over the long-term, as the House of Representatives voted to do Wednesday, must not be the price we pay for enacting a stimulus measure."

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